Annual Report 2024

Strathmore Community Services Limited

Community Bank Strathmore

ABN 84 096 122 459

Contents

Chairman's report

For year ending 30 June 2024

In my capacity as chairman, it gives me great pleasure to present to you the Strathmore Community Services Limited Annual Report for the year ended 30 June 2024.

The past 12 months has been another period of change and adaptation for the banking industry. The sector has navigated a complex landscape marked by increased competition, economic volatility, security challenges and technological advancements. Despite these challenges, Community Bank Strathmore has demonstrated resilience and agility, again achieving strong profitability and continuing to build a solid foundation for the future.

Community Bank Strathmore continues to see customers visit us in the branch in high numbers. As a result, we have continued to deliver quality in-person service, creating real connections and building new relationships – and it is this which we believe sets us apart. Our home lending has continued to be our strong foundation, with opportunities for further growth still available in deposits and business banking.

These strong results have enabled us to match last year's community funding, with the company giving over $1,131,760 to sports clubs, charities, and other local organisations. We are pleased to report that our community reach has widened this year, and we have been able to sponsor some new organisations and initiatives – with the company now funding wheelchair sport, multicultural festivals and veteran's accommodation to name a few.

We have also been able to again provide hardship funding to our local primary and secondary schools to cover essential education costs such as digital tablets and uniforms. In addition, we were very proud to be able to provide Strathmore Secondary College this year with a substantial grant of almost $100,000 to fund outdoor furniture, seating and bike racks for their large student population. This funding will allow the school to provide a significant upgrade to their existing basic concrete seating and has a far reaching and long-lasting impact on our local community.

Strathmore Secondary College outdoor spaces grant.

Chairman's report (continued)

With the safety and security of customers and staff in mind, you may have noticed we have recently made some changes to the branch layout and permanently closed on Saturday mornings.

Our improved cash flows have also seen us make further headway on our debt position during the financial year, with the company being able to pay off one of its loans entirely in early February. These were the borrowings undertaken to purchase the 341 Napier St property – which means we have paid the $920,000 in just five years – an achievement we are very proud of and couldn't do without the ongoing support from our customers, staff and shareholders.

In terms of staff, the last 12 months have seen a few changes in the branch, with the departure of Janette and Jodie early in the new year. However, we have now welcomed Hailey and Andy on board – with Andy joining us as our new Customer Relationship Manager. Both new members have fitted into the team well and are already making significant contributions.

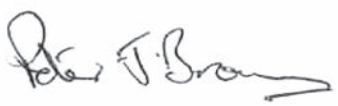
Aaron Hawkins has also had another successful year and continues to build both the business and lending portfolios of the branch. He brings a unique blend of personable qualities and financial expertise to the role which we greatly value. The Board would like to thank Aaron Hawkins, David Porter, and the entire team once more for their outstanding work in serving both new and current customers.

We would also like to thank all our customers and shareholders for their continued support. We encourage you to keep banking with Community Bank Strathmore and share your experience with friends and family so perhaps they may do the same. Each of us has a part to play in consolidating the returns on your investment and growing our company.

Additionally, I would want to take this time to thank my colleague Directors for their commitment, expertise, and professionalism in making sure the company runs smoothly and successfully. A special thank you also to Cathi Draper, a key member of our Corporate Office team, who keeps our Board and office operating efficiently.

Thank you again for your investment in Community Bank Strathmore and for your ongoing support and commitment to grow our enterprise and our community impact. Without your support we would not be making so many good things happen.

All the best,



Peter J Brown, JP
Chairman

Manager's report

For year ending 30 June 2024

Now into my eighth year with Community Bank Strathmore, I am pleased to present my eighth Branch Manager's report for the year ending 30 June 2024. The banking landscape seems to be forever evolving. The physical branch presence is something that is still valued and will continue to be into the future. We've seen an increase in scam attempts and fraudulent activity; however, the branch staff remain vigilant to any suspicious activity, particularly in branch so please don't be offended if we ask more questions than we used to, we are only trying to protect you and your money. The commitment to our local community remains strong and it gives the branch team and I a great deal of pride knowing that what we do has a direct benefit to our community.

The financial year has seen the interest rates steady somewhat and there is continuing conjecture about what the next movements may be. There is strong competition in the home loan space as borrowers seek to reduce their commitments.

The performance of Community Bank Strathmore over the past 12 months has been very good. The branch surpassed the bank budget requirements for lending; however, deposits were a little below budget but we still experienced positive growth. Following is a snapshot of the year.

Total footings at the start of the financial year	$418,511,446
Lending growth	$4,120,508
Deposit growth	$14,216,406
Total footings 30 June 2024	$438,848,360

We've welcomed Hailey Munckton as a new Customer Service Officer and Andy Chau our new Customer Relationship Manager to the branch and both have brought good knowledge and experience.

On behalf of the branch team, I would like to thank the Board of Directors for their support, time and efforts in helping us make and continue to have Community Bank Strathmore as one of the most successful Community Bank branches in the country.

We would like to thank our shareholders for their support and contribution to the local community and the local community for supporting us.

David Porter
Branch Manager

Secretary's report

For year ending 30 June 2024

Here at Community Bank Strathmore, we are very happy to report that the business has had yet another prosperous year. As noted in the Branch Manager's report we have maintained our strong revenues and footings and as a result, Strathmore Community Services Limited is pleased to announce a 25-cent dividend for the fiscal year.

This strong financial performance has allowed us to again direct our finances to a number of projects and initiatives. In particular, we have been able to provide just over $1,131,760 to our local community via grants, sponsorships, and donations. Many of these clubs continue to support Community Bank Strathmore, bringing new business and building our community partnerships which ensure the longevity of the enterprise as well as benefitting you, our shareholders. In addition, we have been able to reduce our loan commitments and improve the security features of our branch for the benefit of both customers and staff.

Throughout this year our Board Meetings have continued to run smoothly, and we pride ourselves on our careful governance and oversight of the business. As your elected Board, we continue to review and adopt any new Bendigo Bank policies and procedures, regularly attend training and adhere to the bank's Code of Conduct. As new security and human resource issues continue to emerge in our industry, this year we have been particularly conscious of the need to keep on top of branch risks and management concerns.

We have also continued to work to broaden the shareholder base and involve as many community members in our company as possible, including the implementation of relevant corporate policies. We welcome new shareholders and encourage you to share your experience with friends and family. Should any be interested in owning shares in Strathmore Community Services Limited we encourage them to visit our share trading page and register their interest.

https://www.bendigobank.com.au/branch/vic/community-bank-strathmore/lvm-shares/

As in past years, we have enclosed a Proxy Form with this Annual Report. We ask if this could be filled out and returned by the due date if you are not attending the Annual General Meeting of Strathmore Community Services Limited.

In addition, we reiterate that it is the responsibility of shareholders to notify the Secretary of any changes relating to their shareholding - including changes of address or banking details. Please contact us at the corporate office on 9379 3042 or admin@strathmore3041.com.au if you need any assistance in this regard.

Alternatively, we encourage you to register for and use the online system that is available via our Share Registry, RSD Registry, where you can make these changes directly. To create your online access please provide RSD registry with your email address and they will send you an invitation to register for the online access. Please email RSD at shares@rsdregistry.com.au or call (03) 5445 4222 if you have any queries.

We thank-you again for your continued support,

Phil Lusher
Director/ Company Secretary

Our community impact

For year ending 30 June 2024

$1,131,760
Provided to local sport & recreational clubs, charitable organisations & community projects

Bringing our overall funding total to over
$12,000,000

9
New organisations supported this year, including TPI Victoria and Freedom Sports Foundation

$95,475
Committed to Strathmore Secondary College to fund outdoor furniture

49
Charities and local clubs assisted during the year ended 30 June 2024

280 +
Community groups supported to date

Directors' report

For the financial year ended 30 June 2024

The Directors present their report of the company for the financial year ended 30 June 2024.

Directors

The following persons were Directors of Strathmore Community Services Limited during or since the end of the financial year up to the date of this report:

Brown - Peter, JP

(Appointed 18/10/2005)

Skills and expertise	Retired Newsagent with experience in management and law. Former Vice President of the Australian Federal Police Association.
Special responsibilities	Chairperson

Clements - Glenn

(Appointed 11/03/2014)

Skills and expertise	Manager with over 30 years experience in sales, marketing, importing, promotions and Staff management.
Special responsibilities	Liasion with Community Partners & Marketing

Lusher - Phillip

(Appointed 11/03/2014)

Skills and expertise	Government Accounting and extensive management experience, legal preparation and analytical research.
Special responsibilities	Company Secretary

Osborne - Kerri

(Appointed 13/05/2009)

Skills and expertise	Education Consultant with experience as a Primary School Teacher, followed by many years as an Education Consultant/Teacher and Store management.
Special responsibilities	Grants & Sponsorship Co-ordinator/Director

Jarvis - Rohan

(Appointed 29/07/2020)

Skills and expertise	Company Director of Engineering Consultancy specialising in land development and subdivisions, both residential and commercial / industrial developments with over 25 years of experience.
Special responsibilities	Treasurer

Directors (continued)

Ransome - Garry

(Appointed 19/04/2023)

Skills and expertise	A fully certified Financial Planning Manager and Director at Moneyplan Australia (MP) Pty Ltd, overseeing the financial planning department. Many years of experience in business and staff management.
Special responsibilities	None

Attendances by each Director during the year were as follows:

	Board meetings		Audit committee meetings	
Director	A	B	A	B
Brown - Peter	11	10	0	0
Clements - Glenn	11	10	0	0
Jarvis - Rohan	11	11	N/A	N/A
Lusher - Phillip	11	11	0	0
Ransom - Garry	11	10	N/A	N/A
Osborne - Kerri	11	11	N/A	N/A

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Phil Lusher was appointed as the Company Secretary on 3 December, 2019.

Phil's qualifications and experience include working for a government agency gaining extensive management experience whilst understanding legal requirements and obtaining extensive analytical skills.

Principal activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the company for the 30 June 2024 financial year after provision for income tax was $579,094 (2023 profit: $927,086), which is a decrease as compared with the previous year of $347,992. Donations and Sponsorships for the year were $1,131,760 (2023: $1,078,127).

The company applied free cash flow operating activities to reduce the company's level of mortgage secured debt to $347,183 as at 30 June 2024 (2023: $835,172).

Dividends

Dividends paid or declared since the start of the financial year.

A fully franked final dividend of 22 cents per share was declared and paid during the year ended 30 June 2024.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

There are no matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely developments

The company will continue its policy of providing banking services to the community.

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 10 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Strathmore on 27th August, 2024.

Phillip Arnold Lusher
Director

Auditor's independence declaration

McBain
McCartin & Co

Chartered Accountants
Audit & Assurance Services

PO BOX 82 BALWYN
VICTORIA, AUSTRALIA 3103
ABN 26 028 714 960

STRATHMORE COMMUNITY SERVICES LIMITED
ABN: 84 096 122 459

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF STRATHMORE COMMUNITY SERVICES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Strathmore Community Services Limited. As the lead audit partner for the audit of the financial report of Strathmore Community Services Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

I. The auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

II. Any applicable code of professional conduct in relation to the audit.

Mcbain McCartin & Co.

McBain McCartin & Co.

Simon Aukstin
Partner

1st Floor 123 Whitehorse Road
Balwyn, Victoria 3103

Dated this 27th day of August 2024

Liability limited by a scheme approved under Professional Standards Legislation

Level 1, 123 Whitehorse Road Balwyn VIC 3103
Phone: +61 3 9817 0700 Facsimile: +61 3 9817 0799 E-mail: office@mcbainmccartin.com.au Web: www.mcbainmccartin.com.au

Financial statements

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	2	3,381,232	3,739,987
Expenses			
Employee benefits expense	3	(927,106)	(899,290)
Depreciation and amortisation expense	3	(68,615)	(66,596)
Finance costs	3	(41,409)	(65,885)
Bad and doubtful debts expense	3	(96)	(2,106)
Occupancy expenses		(25,232)	(13,815)
IT costs		(38,310)	(34,537)
Marketing expenses		(31,560)	(75,177)
Other expenses		(340,307)	(284,765)
Operating profit before charitable donations and sponsorships		**1,908,597**	**2,297,816**
Charitable donations, grants and sponsorships expense		(1,131,760)	(1,078,127)
Profit before income tax		**776,837**	**1,219,689**
Income tax expense	4	197,742	292,603
Profit for the year		**579,094**	**927,086**
Other comprehensive income		-	-
Total comprehensive income for the year		**579,094**	**927,086**
Profit attributable to members of the company		579,094	927,086
Total comprehensive income attributable to members of the company		**579,094**	**927,086**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		118.18	189.19

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	5	176,534	128,087
Trade and other receivables	6	312,461	356,931
Other assets	7	122,853	2,663
Total current assets		**611,848**	**487,681**
Non-current assets			
Property, plant and equipment	8	3,886,924	3,859,024
Intangible assets	9	34,850	51,834
Deferred tax assets	4	29,788	24,294
Total non-current assets		**3,951,562**	**3,935,152**
Total assets		**4,563,410**	**4,422,833**
Liabilities			
Current liabilities			
Trade and other payables	10	519,589	170,092
Provisions	12	46,436	273,194
Total current liabilities		**566,025**	**443,286**
Non-current liabilities			
Borrowings	11	347,183	835,172
Provisions	12	72,714	51,572
Deferred tax liabilities	4	46,158	32,764
Total non-current liabilities		**466,055**	**919,508**
Total liabilities		**1,032,080**	**1,362,794**
Net assets		**3,531,330**	**3,060,039**
Equity			
Issued capital	13	490,010	490,010
Retained earnings	14	3,041,320	2,570,029
Total equity		**3,531,330**	**3,060,039**

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the year ended 30 June 2024

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		490,010	1,745,845	2,235,855
Total comprehensive income for the year		-	927,086	927,086
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(102,902)	(102,902)
Balance at 30 June 2023		**490,010**	**2,570,029**	**3,060,039**
Balance at 1 July 2023		490,010	2,570,029	3,060,039
Total comprehensive income for the year		-	579,094	579,094
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(107,802)	(107,802)
Balance at 30 June 2024		**490,010**	**3,041,320**	**3,531,330**

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		3,425,702	3,611,631
Payments to suppliers and employees		(2,183,822)	(2,771,019)
Interest paid		(41,409)	(65,885)
Income Tax Paid		(476,699)	(81,388)
Net cash provided by operating activities	**15b**	**723,772**	**693,339**
Cash flows from investing activities			
Purchase of property, plant and equipment		(79,534)	(55,725)
Net cash flows (used in) investing activities		**(79,534)**	**(55,725)**
Cash flows from financing activities			
Repayment of borrowings		(487,989)	(452,607)
Dividends paid		(107,802)	(102,902)
Net cash (used in) financing activities		**(595,791)**	**(555,509)**
Net increase in cash held		48,447	82,105
Cash and cash equivalents at beginning of financial year		128,087	45,982
Cash and cash equivalents at end of financial year	**15a**	**176,534**	**128,087**

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2024

These financial statements and notes represent those of Strathmore Community Services Limited.

Strathmore Community Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 27th August, 2024.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and interpretations of the Australian Accounting Standards Board. Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless otherwise stated.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Strathmore, VIC.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
  · Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

1. Summary of significant accounting policies (continued)

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, plant and equipment

Property, plant and equipment is measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present. (refer to Note 1(f) for details of impairment).

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets but excluding freehold land , is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Rate	Method
Buildings	2.50%	SL
Fixtures & Fittings	6.70%	SL
Plant and equipment	10-50%	SL
Motor vehicles	25.00%	DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1. Summary of significant accounting policies (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying assets whichever is the shortest.

(f) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

1. Summary of significant accounting policies (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future cash outflows to be made by the entity in respect of services provided by employees up to the reporting date. Interest Rates attaching, as at the reporting date, to corporate bonds that have maturity dates the approximate the terms of the obligations are used to discount the estimated future cash flows to their present value. Upon the remeasurement of obligations due to changes in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts. Revenue comprises service commissions including upfront and trail; and other income generated from the franchise agreement with Bendigo and Adelaide Bank Limited, and is recognised by the company when the right to receive the income has occurred.

A receivable will be recognised when the service is rendered. The Company's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of the consideration is due. There is no significant financing component because sales are made within a credit term of 30 to 45 days.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit and loss immediately.

Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

<u>Financial liabilities</u>

Financial liabilities are subsequently measured at :

- amortised cost : or
- Fair value through profit and loss.

1. Summary of significant accounting policies (continued)

A Financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 Business Combinations applies:
- held for trading; or
- initially designated as at fair value through profit and loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions :

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

Derecognition

Derecognition refers to the removal of previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset :

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

1. Summary of significant accounting policies (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The company recognises a loss allowance for expected losses on :

- financial assets that are measured at amortised cost or fair value through other comprehensive income;

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company used the simplified approach to impairment, as applicable under AASB 9.

Simplified approach

The Company uses the Simplified approach to impairment as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach applicable to Trade receivables

In measuring the expected credit loss, consideration of various data is undertaken to get an expected credit loss (ie diversity of its customer base, appropriate consideration of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the company recognised the movement (if any) in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(m) Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at the transaction price. Refer to Not 1(l) for further discussion on the determination of impairment losses.

(n) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

(q) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

1. Summary of significant accounting policies (continued)

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

(s) New accounting standards adopted and for application in future periods

AASB 2021-2: Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates.

The company adopted AASB 2021-2 which makes some small amendments to a number of standards including the following: AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards.

AASB 2022-7 makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2023. The adoption of the amendment did not have a material impact on the financial statements.

The Group has adopted all amendments required for the year ended 30 June 2024. The adoption of these amendments did not have a material impact on the financial statements.

No new accounting standard have had a material effect on the company financial statements.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.
The company has decided not to early adopt any of the new and amended pronouncements and the directors have determined that none are expected to have a future material impact on the financial statements of the company.

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

As discussed in Note 1 (h), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2024 $	2023 $

2. Revenue

The company has recognised the following amounts relating to revenue in the statement of profit or loss.

Revenue		
- services commissions	3,381,232	3,739,987
	3,381,232	**3,739,987**
Total revenue	**3,381,232**	**3,739,987**

The company operates in one geographical location being Australia. Commission revenue is recognised both upfront at the point of initial customer contract execution, and also as a trail commission over the period of the customer contract.

	2024 $	2023 $

3. Expenses

Profit before income tax includes the following specific expenses:

Employee benefits expense		
- wages and salaries	849,862	834,818
- superannuation costs	77,244	64,472
	927,106	**899,290**

Depreciation and amortisation		
Depreciation		
- buildings	26,786	25,000
- plant and equipment	7,578	7,391
- leasehold improvements	17,267	17,267
	51,631	**49,658**

Amortisation		
- franchise fees	16,984	16,938
	16,984	**16,938**
Total depreciation and amortisation	**68,615**	**66,596**

Finance costs		
- Interest paid	41,409	65,885
Bad and doubtful debts expenses	96	2,106
Share registry services	5,451	4,581
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit of the financial statements	11,500	11,250

Significant Expenses		
The following significant expense item is relevant in explaining the financial performance		
- Security monitoring expense	79,038	12,073

The company incurred significant security monitoring costs in upgrading the security of the bank branch during the 2024 financial year.

4. Income tax

a. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 25.0% (2023: 25.0%)	194,209	304,922
Add/(subtract) tax effect of:		
- Non-deductible items	3,533	567
- Other	-	(12,886)
Income tax attributable to the entity	**197,742**	**292,603**
The applicable weighted average effective tax rate is	25%	24%

	2024 $	2023 $

4. Income tax (continued)

b. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Provisions	29,788	24,294
	29,788	**24,294**
Net deferred tax asset	**29,788**	**24,294**
c. Deferred tax asset movement		
Opening balance	24,294	22,196
(Charge)/Credit to income	5,494	2,098
Closing balance	**29,788**	**24,294**
Deferred tax assets are not recognised until it is probable there will be future taxable profits as disclosed in note 1(b).		
d. Deferred Tax Liability		
Deferred tax liability related to the following :		
Deferred tax liability balance comprises		
Accelerated depreciation for tax purposes	46,158	32,764
	46,158	**32,764**
e. Deferred tax liability movement		
Opening Balance	32,764	30,889
(Charge)/Credit to income	13,394	1,875
	46,158	**32,764**
f. The components of tax expenses (income) comprise		
- Current Tax Expenses	189,839	292,826
- Deferred tax expense (income)	7,903	(223)
	197,742	**292,603**

5. Cash and cash equivalents

Cash at bank and on hand	176,534	128,087
	176,534	**128,087**

6. Trade and other receivables

Financial assets at amortised cost classified as trade and other receivables.

Current		
Trade Receivables	312,461	356,931
	312,461	**356,931**

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

6. Trade and other receivables (continued)

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			Past due but not impaired			
	Gross amount $	Not past due $	< 30 days $	31-60 days $	> 60 days $	Past due $
2024						
Trade receivables	312,461	312,461	-	-	-	-
Total	**312,461**	**312,461**	**-**	**-**	**-**	**-**
2023						
Trade receivables	356,931	356,931	-	-	-	-
Total	356,931	356,931	-	-	-	-

	2024 $	2023 $
7. Other assets		
Prepayments and Sundry Debtors	2,297	2,663
Income Tax Refundable	120,556	-
	122,853	**2,663**

8. Plant and equipment

Freehold Land & Buildings		
At cost - Land	1,250,561	1,250,561
At cost - Buildings	2,707,434	2,633,676
Less accumulated depreciation	(166,666)	(139,880)
	3,791,329	**3,744,357**
Fixtures & Fittings		
At cost	418,660	418,660
Less accumulated depreciation	(355,184)	(337,917)
	63,476	**80,743**
Motor vehicle		
At cost	42,979	42,979
Less accumulated depreciation	(29,586)	(25,121)
	13,393	**17,858**
Plant and equipment		
At cost	58,344	52,571
Less accumulated depreciation	(39,618)	(36,505)
	18,726	**16,066**
Total plant and equipment	**3,886,924**	**3,859,024**

	2024 $	2023 $

8. Plant and equipment (continued)

Movements in carrying amounts		
Freehold Land and Buildings		
Balance at the beginning of the reporting period	3,744,357	3,729,392
Additions	73,758	40,324
Depreciation expense	(26,786)	(25,359)
Balance at the end of the reporting period	**3,791,329**	**3,744,357**
Fixtures & Fittings		
Balance at the beginning of the reporting period	80,743	98,010
Depreciation expense	(17,267)	(17,267)
Balance at the end of the reporting period	**63,476**	**80,743**
Motor vehicle		
Balance at the beginning of the reporting period	17,858	23,811
Depreciation expense	(4,465)	(5,953)
Balance at the end of the reporting period	**13,393**	**17,858**
Plant and equipment		
Balance at the beginning of the reporting period	16,068	1,744
Additions/(Disposals)	5,773	15,403
Depreciation expense	(3,113)	(1,079)
Balance at the end of the reporting period	**18,728**	**16,068**
Total plant and equipment		
Balance at the beginning of the reporting period	3,859,024	3,852,957
Additions/(Disposals)	79,531	55,725
Depreciation expense	(51,631)	(49,658)
Balance at the end of the reporting period	**3,886,924**	**3,859,024**

9. Intangible assets

Franchise fee		
At cost	84,689	84,689
Less accumulated amortisation	(49,839)	(32,855)
	34,850	**51,834**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	51,834	68,772
Amortisation expense	(16,984)	(16,938)
Balance at the end of the reporting period	**34,850**	**51,834**

	2024 $	2023 $

10. Trade and other payables

Financial liabilities at amortised cost classified as trade and other payables.

Current		
Unsecured liabilities:		
Trade creditors	29,775	21,779
Other creditors and accruals	489,814	148,313
	519,589	**170,092**

The average credit period on trade and other payables is one month.

No interest is payable on outstanding payables during this period.

11. Borrowings

Non-current		
Secured liabilities		
Bank loans	347,183	835,172
	347,183	**835,172**

(a) Bank Loan

The bank loans are secured by a first registered mortgage over the freehold land and buildings owned by the company. The loans have a term of 10 years and at a variable interest rate of 7.12% as at 30 June 2024 (30 June 2023: 6.85%) with monthly repayment of Principal and interest required to be made.

	2024 $	2023 $

12. Provisions

Current		
Income tax payable	-	227,593
Employee benefits	46,436	45,601
	46,436	**273,194**
Non-current		
Employee benefits	**72,714**	**51,572**
Total provisions	**119,150**	**324,766**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(h).

	2024 $	2023 $

13. Share capital

490,010 Ordinary shares fully paid	490,010	490,010
	490,010	**490,010**

(a) Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	490,010	490,010
At the end of the reporting period	**490,010**	**490,010**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position and financial liabilities, supported by financial assets.

13. Share capital (continued)

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

The capital structure at 30 June 2024 is as follows:

	2024 $	2023 $
Borrowings:		
- Bank Loans	347,183	835,172
Total borrowings	**347,183**	**835,172**
Trade and other payables	519,589	170,092
Total Debt	**866,772**	**1,005,264**
Total Equity	**3,531,330**	**3,060,039**
Gearing Ratio (%)	24.55%	32.85%

	2024 $	2023 $

14. Retained earnings

Balance at the beginning of the reporting period	2,570,029	1,745,845
Profit after income tax	579,094	927,086
Dividends paid	(107,802)	(102,902)
Balance at the end of the reporting period	**3,041,320**	**2,570,029**

15. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	176,534	128,087
As per the Statement of Cash Flow	**176,534**	**128,087**

(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	579,094	927,086
Non-cash flows in profit		
- Depreciation	51,631	49,658
- Amortisation	16,984	16,938
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	44,470	(128,356)
- (Increase) / decrease in prepayments and other assets	(120,190)	2,367
- (Increase) / decrease in deferred tax asset	(5,494)	(2,098)
- Increase / (decrease) in trade and other payables	349,497	(388,149)
- Increase / (decrease) in deferred tax liability	13,397	1,875
- Increase / (decrease) in provisions	(205,617)	214,018
Net cash flows provided by operating activities	**723,772**	**693,339**

16. Earnings per share

Basic earnings per share (cents)	118.18	189.19
Earnings used in calculating basic earnings per share	579,094	927,086
Weighted average number of ordinary shares used in calculating basic earnings per share.	490,010	490,010

17. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

No remuneration was paid to key management personnel of the company during the year.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

17. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

During the year, the company made no purchases of goods and services from related parties.

The Strathmore Community Services Limited has accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2024.

(d) Key management personnel shareholdings

The number of ordinary shares in Strathmore Community Services Limited held by each key management personnel of the company during the financial year is as follows:

	2024	2023
Brown - Peter	850	850
Clements - Glenn	3,500	3,500
Jarvis - Rohan	-	-
Lusher - Phillip	-	-
Osborne - Kerri	250	250
Ransome - Garry	-	-

Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

18. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the operations or financial statements of the company.

19. Contingent liabilities and contingent assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

20. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Strathmore, VIC. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2023: 100%).

21. Commitments

Operating lease commitments

There are no non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

The company has no other lease commitments.

22. Company details

The registered office and principle place of business is: 337 Napier Street, Strathmore VIC 3041.

23. Dividends paid or provided for on ordinary shares

	2024 $	2023 $
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 22 cents per share (2023: $0.21) franked at the tax rate of 25.0% (2023: 25%).	107,802	102,902
The amount of franking credits available for subsequent distribution		
Balance of the end of the reporting period	1,032,077	591,313

24. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

The Board and management meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts.

The Board has established an Audit Committee which reports to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function provided by the franchisor, Bendigo and Adelaide Bank Limited.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 9 Financial Instruments as detailed in the accounting policies are as follows:

	Note	2024 $	2023 $
Financial assets			
At amortised cost:			
Cash and cash equivalents	5	176,534	128,087
Trade and other receivables	6	312,461	356,931
Other Assets	7	122,853	2,663
Total financial assets		**611,848**	**487,681**
Financial liabilities			
At amortised cost:			
Trade and other payables	10	519,589	170,092
Borrowings	11	347,183	835,172
Total financial liabilities		**866,772**	**1,005,264**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

24. Financial risk management (continued)

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2023: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2024					
Financial assets					
Cash and cash equivalents	0%	176,534	176,534	-	-
Trade and other receivables	0%	312,461	312,461		
Other assets - income tax refundable		120,556	120,556	-	-
Total anticipated inflows		**609,551**	**609,551**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	519,589	519,589	-	-
Borrowings	7.12%	347,183	347,183	-	-
Total expected outflows		**866,772**	**866,772**	**-**	**-**
Net inflow / (outflow) on financial instruments		**(257,221)**	**(257,221)**	**-**	**-**
30 June 2023					
Financial assets					
Cash and cash equivalents	0%	128,087	128,087	-	-
Trade and other receivables	0%	356,931	356,931	-	-
Total anticipated inflows		**485,018**	**485,018**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	170,093	170,093		-
Borrowings	6.80%	835,172	231,139	604,033	-
Total expected outflows		**1,005,265**	**401,232**	**604,033**	**-**
Net inflow / (outflow) on financial instruments		**(520,247)**	**83,786**	**(604,033)**	**-**

24. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents. The exposure to interest bearing borrowings is detailed at Note 11.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2024		
+/- 1% in interest rates (interest income)	1,765	1,765
+/- 1% in interest rates (interest expense)	(3,472)	(3,472)
	(1,707)	**(1,707)**
Year ended 30 June 2023		
+/- 1% in interest rates (interest income)	1,281	1,281
+/- 1% in interest rates (interest expense)	(8,352)	(8,352)
	(7,071)	**(7,071)**

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

(e) Fair values

Fair values (estimation)

The directors and management believe the financial assets and liabilities are a reasonable approximation of their fair values at 30 June 2024. There are no indications of impairment on any financial asset disclosed in the financial report.

Directors' declaration

For the financial year ended 30 June 2024

In accordance with a resolution of the Directors of Strathmore Community Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 32 are in accordance with the Corporations Act 2001 and:
   - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   - (ii) give a true and fair view of the company's financial position as at 30 June 2024 and of the performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Phillip Arnold Lusher
Director

Signed at Strathmore on 27th August, 2024.

Independent audit report

McBain McCartin & Co

Chartered Accountants
Audit & Assurance Services

PO Box 82 Balwyn
Victoria, Australia 3103
ABN 26 028 714 960

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATHMORE COMMUNITY SERVICES LIMITED

ABN: 84 096 122 459

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strathmore Community Services Limited, which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies, and the directors' declaration.

In our opinion:

the accompanying financial report of Strathmore Community Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Level 1, 123 Whitehorse Road Balwyn VIC 3103
Phone: +61 3 9817 0700 Facsimile: +61 3 9817 0799 E-mail: office@mcbainmccartin.com.au Web: www.mcbainmccartin.com.au

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a. identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Level 1, 123 Whitehorse Road Balwyn VIC 3103
Phone: +61 3 9817 0700 Facsimile: +61 3 9817 0799 E-mail: office@mcbainmccartin.com.au Web: www.mcbainmccartin.com.au

Auditor's Responsibilities for the Audit of the Financial Report *(Cont'd)*

a. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

b. Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

c. Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McBain McCartin & Co

McBain McCartin & Co
Chartered Accountants

Simon Aukstin
Partner
Level 1, 123 Whitehorse Road
BALWYN VIC 3103

Dated this 27th day of August 2024

Liability limited by a scheme approved under Professional Standards Legislation

Level 1, 123 Whitehorse Road Balwyn VIC 3103
Phone: +61 3 9817 0700 Facsimile: +61 3 9817 0799 E-mail: office@mcbainmccartin.com.au Web: www.mcbainmccartin.com.au

Community Bank · Strathmore
337 Napier Street,
Strathmore VIC 3041
Phone: 03 9374 2607 Fax: 03 9374 3542
Email: strathmoremailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/strathmore

Franchisee: Strathmore Community Services Limited
ABN: 84 096 122 459
337 Napier Street
Strathmore VIC 3041
Phone: 03 9379 3042
Email: admin@strathmore3041.com.au

Share Registry:
Lead Advisory RSD
PO Box 30, Bendigo VIC 3552
Phone: 03 5445 4222
Email: shares@rsdregistry.com.au

Corporate Website: www.strathmore3041.com.au

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_39646116 21/08/2024